

THE PRESIDENT'S INTELLIGENCE REVIEW

ISSUED BY THE
CENTRAL INTELLIGENCE AGENCY



4 - 7 JULY 1964

~~TOP SECRET~~

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7 July 1964

1. Congo: Tshombé has presented his cabinet roster to Kasavubu.

He says that besides the premiership he will hold three other posts, including foreign affairs. He did not disclose any names, but said he had ruled out all members of former governments which, of course, includes Adoula.

We have no word yet on Kasavubu's response.



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2. Laos: Both the neutralists and the rightists continue to be bothered by internal divisions.



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[REDACTED]

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Bad weather has limited military activity on all sides recently.

[REDACTED]

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Government reinforcement of Muong Soui has been slowed by the weather

[REDACTED]

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We are still awaiting word of a decision on the meeting place for the three Laotian factions, with the best guess being Geneva. Souvanna still insists the meeting will have to satisfy his preconditions before he will submit to the 14-nation conference.

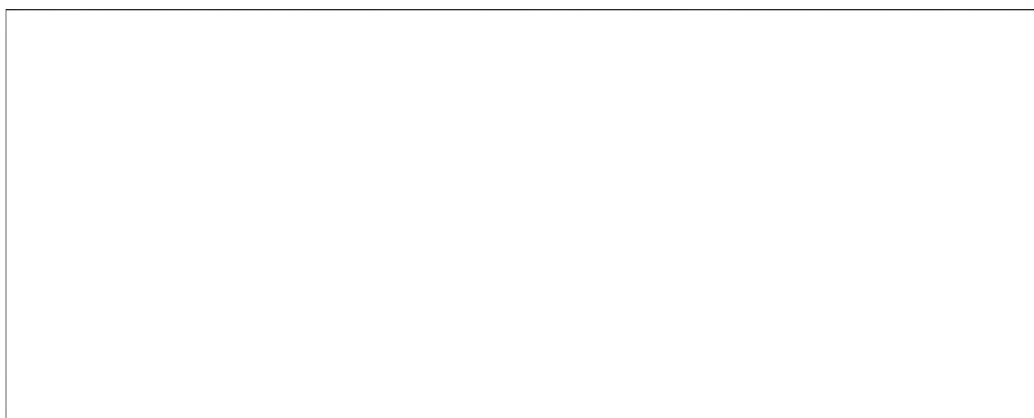
[REDACTED]

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3. Cyprus: Only minor incidents have disturbed the peace of the island during the past week.

Makarios is playing a muted second fiddle, while Grivas is thumping the enosis drum. Grivas' speeches are full of exhortations for union; at the same time he promises peace and respect for the rights of the Turkish Cypriots.

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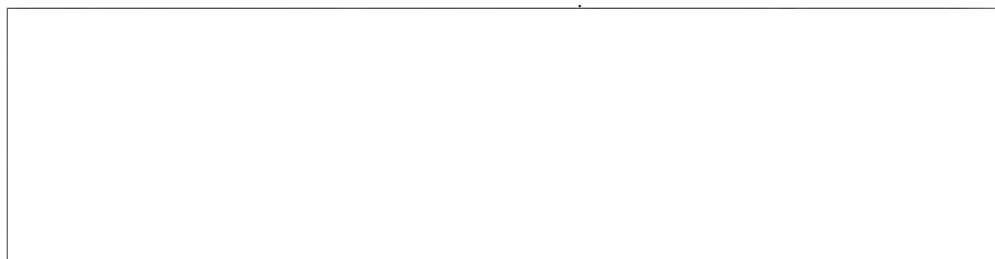
All this must be bitter lemons to Makarios. He has tried to put a good face on it and has told us he has adjusted to Grivas. Ambassador Belcher feels, however, that Makarios remains very much worried.



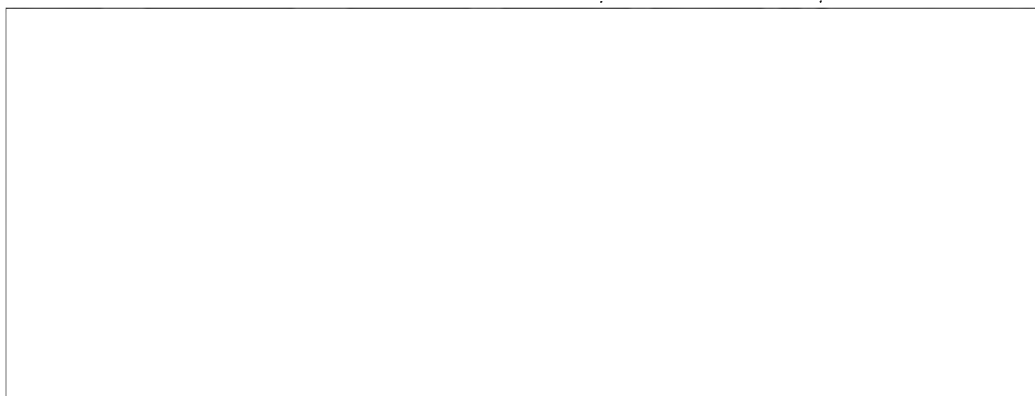
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Papandreou, meanwhile, has made it clear that the Greeks are not now ready to talk to the Turks about Cyprus, in Geneva or anywhere else.

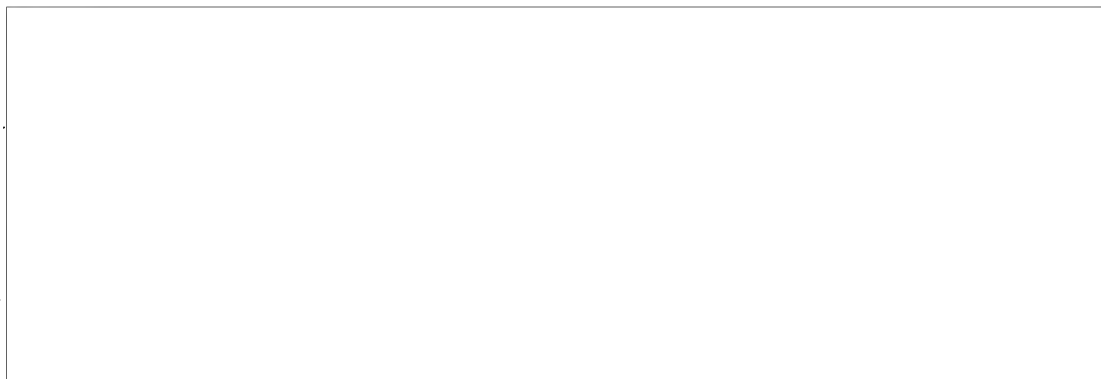
4. Cuba-USSR: Cuban control of the SAM systems now appears to be complete.



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6. South Vietnam: Large-scale Viet Cong activity in northern and central areas has been stepped up in the last few days.

There have been four battalion-sized attacks since 1 July. The attack on a Special Forces training camp on 4 July left 51 killed and 39 wounded, including four US personnel.

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Another attack on a similar camp on 6 July killed 57 (including 3 US) and wounded 52 (including 3 other US). Large numbers of weapons were carried off by the attackers in both instances.

Frequent small-scale attacks are continuing in the delta, along with sabotage and harassment of government posts and hamlets.


7. Communist China: Peiping claims its fighters shot down the Nationalist U-2 on 7 July. Interceptors did take off after the reconnaissance plane, but the U-2 appears to have begun its descent before interception, suggesting its crash may have been caused by mechanical or other difficulties..

This is the third Nationalist U-2 lost over the mainland, beginning with the first loss in September 1962.



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8. India-USSR: Shastri has reassured Moscow of his personal commitment to Nehru's nonaligned foreign policy.

 he took this line with Mikoyan when the latter was in New Delhi last month. Presumably he wished to conciliate the Russians, who doubtless looked askance at his acceptance of long-term military aid from the US.

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For The President Only - Top Secret

There are several Indian arms deals with the Russians in the works. Deliveries of surface-to-air missile equipment are to start next month.

Defense Minister Chavan is scheduled to visit Moscow in August, apparently to speed up arrangements for the MIG aircraft plant project.

9. Soviet Foreign Aid: Soviet economic aid credits to non-Communist countries during 1964 may become the largest ever.

An estimated \$660 million has been extended through June, compared to \$859 million for the entire peak year of 1959. Already committed this year are \$325 million for steel mills in Algeria and India, and \$280 million for Egypt's new five-year plan.

Moscow now appears to be directing its aid efforts among underdeveloped countries toward long-term gains rather than an immediate spectacular splash. The Soviets have been taking a closer look at the prospects of success before underwriting a recipient's economic plans.

They still act with flexibility, however. A recent Chinese Communist aid program in Kenya was countered by a quick Soviet offer

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10. Haiti: The army is still unable to pin down the rebels who landed in Haiti last week and then took to the hills.

Duvalier, apparently in a continuing rage, is using the invasion as an excuse for more acts of repression. One example is the destruction of villages where the inhabitants are suspected of favoring the rebels.

The Dominicans, while denying any complicity in the landings, are keeping their armed forces on the alert. Duvalier has complained to the UN and the OAS and claims two Dominican frigates are cruising off Haiti's north coast.

11. Mexico-USSR: The Russians made a trade-agreement offer to a Mexican delegation visiting the USSR last month. [redacted]

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[redacted] the offer included long-term credits and assistance on industrial projects. There has been no report of the Mexican Government's response. [redacted]

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12. Indonesia-USSR: [redacted]

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[redacted] Sukarno is going to double
his guerrilla effort against Malaysia, [redacted]
[redacted]

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13. Israel-Syria: Responsibility for the two
Israeli-Syrian border incidents--one last week
and one on Monday--has not been determined.
As usual, both sides deny the blame, and the
border is quiet now.

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